

**WEST VIRGINIA DEPARTMENT OF HEALTH AND HUMAN RESOURCES
BUREAU FOR BEHAVIORAL HEALTH AND HEALTH FACILITIES
PROPERTY, EQUIPMENT, AND CAPITAL IMPROVEMENTS GUIDANCE**

WV DHHR Bureau for Behavioral Health and Health Facilities is currently updating Accounting and Financial reporting requirements. During this update, the process for budgeting, acquiring, reporting, and disposing of BHHF funded property, equipment, and capital improvements has changed. There are now revised forms that are required to be completed and submitted for each process.

Regulations of Property, Equipment, and Capital Improvements

Property, equipment, and capital improvements purchased with DHHR grant funds must be necessary and essential to the successful operation of the program and be reasonable in cost. Property, equipment, and capital improvements must be used by the program for which it was acquired, and cannot be used for any other purpose that hinders that program from reaching its goals and objectives. The general requirements applicable to property, equipment, and capital improvements are:

- Acquired property, equipment, and capital improvements must be directly related to the performance of the program as detailed in the grant agreement.
- Grantees must keep accurate records for the property, equipment, and capital improvements.
- Grantees must use the property, equipment, and capital improvements in accordance with its intended purpose and take adequate steps to prevent damage, theft or loss.
- Grantees are expected to care for the property, equipment, and capital improvements in their custody and keep the property, equipment, and capital improvements in good working order. Basic maintenance procedures include ensuring that regular or periodic maintenance is scheduled and conducted.
- Property tags are to be placed on equipment.
- If the property, equipment, and/or capital improvements are no longer needed, Grantees must request disposition instructions.
- Property, equipment, and capital improvements acquired with grant funds may not be used to provide services for a fee to compete unfairly with private companies that provide equivalent services.

Capital expenditures are defined as the cost of an asset (land, land improvements, building, equipment), including the cost to put it in place. Federal regulations define equipment as any tangible, non-expendable, personal property charged directly to an award that has a useful life of more than one year and an acquisition cost of \$5,000 or more per unit. However, BHHF has a more restrictive requirement and defines equipment as any tangible, non-expendable, personal property charged directly to an award that has a useful life of more than one year and an acquisition cost of \$1,000 or more per unit, unless it is a computer, cell phone, tablet, or other hand-held electronic device. BHHF requires computers, cell phones, tablets, and other hand-held electronic devices to be considered equipment regardless of the cost of the unit. All items, with the exceptions listed above, with an acquisition cost per unit less than the capitalization threshold are considered supplies (unless the terms and conditions of the award specifically establish a

lower amount). In addition, grantees are to follow the same procedures for any item/expenditure that is classified as a capital expenditure based on their organization's capitalization policy, if it is more restrictive.

The acquisition cost per unit of equipment equals the invoice purchase cost of that item minus any discounts. The unit cost may also include the cost of modifications, attachments, accessories or auxiliary apparatus that are needed to make the item of equipment usable for its acquired purpose. Other ancillary charges, such as taxes, duty, in-transit insurance, freight, and installation must be included in order to be in compliance with Generally Accepted Accounting Principles (GAAP). GAAP requires that the cost of putting a fixed asset into use includes all costs associated with the purchase, including freight, tax and installation.

Budgeting for Property, Equipment, and Capital Improvements

Grantees are required to submit both Target Funding Budgets and Detailed Line Item budgets during the initial phase of grant allocations. For any item(s) determined to be property, equipment, or capital improvements based on the above guidelines, a Property, Equipment, and Capital Improvement Budget Approval Form **MUST** be completed and submitted with the Target Funding Budget via email to DHHRBHHFGrants@wv.gov.

The grantee will provide the following on the Budget Approval Form: Grantee name, assigned program name, state assigned account number funding the purchase, brief description of item/expenditure, approximate cost of item/expenditure, and the address where the property/equipment/improvement will be located. Multiple items may be listed on the budget approval form for each program as long as they are funded with the same state assigned account number. If property, equipment, and/or capital improvements are requested for the same program with different state assigned account numbers, a budget approval form is required for each different account number.

Acquisition of Property, Equipment, and Capital Improvements

When required for program activities, the cost of equipment is an allowable expense if the DHHR Spending Unit has given prior approval. Equipment should not be purchased simply to use an unobligated balance remaining at the end of the budget period. Although equipment may be purchased with prior approval and completion of the property, equipment, and capital improvement budget approval form any time during the budget period, sound budget and financial management practices should eliminate the need to rush purchases at the end of the year.

The property, equipment, and capital improvement acquisition form must be signed and submitted to BHHF within Thirty (30) days of acquisition of previously approved property, equipment, and/or capital improvements via email to DHHRBHHFGrants@wv.gov. The grantee will provide the following on the acquisition form: Grantee name, assigned program name, state assigned account number funding the purchase, brief description of item/expenditure, actual date of acquisition, actual cost of item/expenditure, Vendor's name where the item/expenditure was purchased, grantee assigned inventory #, Serial # and/or VIN # (if applicable), estimated useful life, and the address where the equipment will be located. If multiple funding sources are used

for the same item, the grantee must list each source as well as the percentage each funding source has paid for each item. Multiple items may be listed on the acquisition form as long as they are for the same program and funded with the same state assigned account number. If property, equipment, and/or capital improvements are acquired for the same program with different state assigned account numbers, a budget approval form is required for each different account number.

Property Records – Cumulative Schedule

To ensure that the requirements for safeguarding property are met, Grantees should maintain adequate property records. A Cumulative Schedule of Property, Equipment, and Capital Improvements Purchased with BBHFF Funding form is required to be completed and included in each fiscal year audit. If a grantee, due to funding limits, is not required to have an audit, they must submit the un-audited form annually by July 31 of each year via email to DHHRBBHFFGrants@wv.gov. The grantee will provide the following information on the cumulative schedule in various sections: Grantee name, end of fiscal year, date of acquisition of each item/expenditure, brief description of each item/expenditure, assigned program name, state assigned account number that funded each purchase, actual cost of each item/expenditure, vendor's name where each item/expenditure was purchased, grantee assigned inventory # for each item/expenditure, Serial # and/or VIN # (if applicable) for each item/expenditure, estimated useful life of each item/expenditure, and the address where each item/expenditure will be located. The sections available on the cumulative schedule include: Equipment, Vehicles, Appliances, Furniture, and Building(s) and Improvements.

Disposition

If property and/or equipment is no longer needed for the original program, the Grantee may use the item/expenditure in connection with other Federal or State grant sponsored activities. If a Grantee has no further need for item/expenditure they must request disposition instructions from the BBHFF by completing the property, equipment, and capital improvement disposition request form and submitting it via email to DHHRBBHFFGrants@wv.gov.

If the item/expenditure has a current per unit fair market value of less than \$5,000, Grantees shall adhere to the following requirements for equipment and non-expendable personal property:

- Grantees may retain the item/expenditure for organizational activities or may sell the item/expenditure and retain the proceeds without reimbursement to the DHHR.

If the item/expenditure has a current per unit fair market value of \$5,000 or more, Grantees shall adhere to the following requirements for equipment and non-expendable personal property:

- Grantees may either retain the item/expenditure and reimburse the BBHFF its fair share or seek disposition instructions from the BBHFF.
- Proper sales procedures are used to obtain the highest possible return when equipment is sold after it is no longer needed.
- Until provided disposition instructions, Grantees may continue to use item/expenditure with a fair market value of \$5,000 or more in the program for which it was acquired, whether or not the program continues to be supported by DHHR grant funds.

The BBHMF shall issue instructions to the Grantee no later than 60 days after receipt of the property, equipment, and capital improvement disposition request form, and the following procedures shall govern:

- If so instructed, or if disposition instructions are not issued within 60 calendar days after the grant, the Grantee shall sell the item/expenditure and reimburse the BBHMF an amount computed by applying to the sales proceeds the percentage of BBHMF participation in the cost of the grant.
- If the Grantee is instructed to ship the item/expenditure to other Grantees needing the item/expenditure, the Grantee shall be reimbursed by the BBHMF with an amount computed by applying the percentage of the Grantee's participation in the cost of the program to the current fair market value of the item, plus any reasonable shipping or interim storage costs incurred.
- If the Grantee is instructed to otherwise dispose of the item/expenditure, the Grantee shall be reimbursed by the awarding agency for such costs incurred in its disposition.

Guidance for Completion of Forms:

- **Actual Cost of Item:** purchase cost of the item minus any discounts, plus the cost(s) of taxes, freight, installation, modifications, attachments, accessories or auxiliary apparatus that are needed to make the item/expenditure usable for its acquired purpose.
- **Assigned Program Name:** The program name that is provided from BBHMF listed throughout the Statement of Work (SOW) for each specific program. This must match the SOW and all budget documents submitted.
- **Comments:** This section may be used for any comments that the grantee feels are important to list in regards to the specific item/expenditure such as "cost includes freight and installation" or "laptop is being purchased for main office but will travel to satellite offices".
- **Date of Acquisition:** The actual purchase date listed on documentation such as a receipt or invoice.
- **Date of Disposal:** The actual date of disposal
- **Description of Item/Expenditure:** brief but detailed description of the item/expenditure such as "Dell 8600 Laptop", "6 desks & chairs" or "Purchase & Install New Furnace". A description of "laptop" or "office furniture" is not acceptable. For vehicles, the description is to include the year, make, model, and color.
- **Estimated Useful Life:** estimated useful life in years for the asset according to grantees depreciation policies. For example, a computer may have a useful life of 5 years, a vehicle may have a useful life of 7 years, and a building 30 years.
- **Grantee Inventory Number:** Inventory number assigned to the item/expenditure by the grantee for use in their tracking and inventory maintenance protocols.
- **Grantee Name:** Legal grantee name on file with BBHMF receiving the funds for the item/expenditure.
- **Location:** The physical location where the item/expenditure will be located.
- **Reason for Disposition:** brief description of the reason for disposal such as "broken beyond repair", "obsolete", "no longer required".

- **Serial Number:** Manufacturer assigned serial number that is specific for the item/expenditure. If this is not available for an item (such as furniture) grantee may list N/A. All computer equipment & handheld electronic devices **MUST** list a serial number.
- **State Assigned Account Number:** State assigned account number for which the funds will be used for the expenditure. This account number should match the funding source listed on the program Target Funding Budget.
- **Vendor Name:** The name of the company who the item/expenditure was purchased, for example “Staples” or “Milton Construction, LLC”.
- **VIN #:** Manufacture issued Vehicle Identification Number specific to each vehicle.